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Sixth annual progress report on the implementation of the capital master plan

Report of the Secretary-General*

Summary

The sixth annual progress report on the capital master plan is submitted pursuant to section II, paragraphs 31 and 34, of General Assembly resolution 57/292. It outlines the activities relating to the project undertaken since the issuance of the previous report (A/62/364 and Corr.1).

Over the past year, following the approval of the accelerated strategy by the General Assembly in its resolution 62/87, most testing requirements had been completed, a groundbreaking ceremony was held on 5 May 2008, the construction of the temporary North Lawn Building has been initiated, all remaining swing space leases have been signed, and preparations have been finalized for the temporary relocation of staff to swing spaces in moves planned for late 2008 and early 2009.

In addition, significant progress has been achieved in the design of the project, taking into account the changes required by the adoption of the accelerated strategy, the changes agreed upon as a result of the value engineering exercise, the incorporation of substantial greening measures and the incorporation of changes related to blast protection.

* The report is submitted at the present time owing to the need for extensive consultations with offices.

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I. Introduction

1. In December 2007, the General Assembly, in its resolution 62/87, approved the proposal of the Secretary-General for an accelerated strategy that would result in the completion of the capital master plan project by 2013, with a lower risk of disruption caused by the phased approach on which the prior strategy was based. The present report provides an update on the status of the project under the approved accelerated strategy.

II. Progress since the previous annual report

2. Following the decision of the General Assembly on the acceleration of the capital master plan, the Office of the Capital Master Plan continued with the design of the refurbishment, including the incorporation of design changes resulting from the adoption of the accelerated strategy, additional greening measures and the value engineering exercise. Significant progress has been achieved in the design and construction of the temporary Conference Building, the design and fit-out of swing spaces, the planning for the relocation of staff affected by the project and the design of the renovation of the Secretariat, Conference and General Assembly Buildings.

3. As reported in the fifth annual progress report (A/62/364 and Corr.1), the Organization entered into a pre-construction management contract with Skanska Building USA in July 2007. Skanska personnel are presently co-located on site with the staff of the Office of the Capital Master Plan and are fully engaged in providing pre-construction and construction management services. Part A of the contract is for pre-construction advisory services, and a significant part of Skanska's work since the submission of the previous progress report has been in this area. During this stage, design documents are reviewed for constructability and cost-saving opportunities. Concurrently, the firm has begun part B of the contract, the construction management phase, and has submitted detailed cost proposals and guaranteed maximum price proposals for several phases of the planned work. A few of the guaranteed maximum prices have been already negotiated and accepted by the United Nations, while others are under discussion. Those proposals will be negotiated into a number of guaranteed maximum price contracts for the swing space and the renovation, which can be accepted or rejected by the United Nations. If rejected, a new competitive bidding process would be undertaken.

4. The expenses already incurred as well as the rents that are firmly committed through the duration of the project totalled approximately $187.9 million as at July 2008. When the projected costs for the remainder of the project are added, the cost of the capital master plan is closer to the amount budgeted than at the time of the preparation of the fifth progress report and is still on schedule.

A. Design work for the renovation of existing buildings

5. Revised construction documents incorporating both the accelerated strategy as approved by the General Assembly in its resolution 62/87 and the results of the value engineering process are being completed. Those documents are being used for bidding and construction, and are therefore being completed as required to implement the renovation schedule. The earliest documents to be completed are

those for the consolidated technology centre, which will be ready for bidding at the end of October 2008. The Conference, General Assembly and Secretariat Building documents will be ready in late 2008 and early 2009. Building probes to ascertain the precise conditions of the buildings were initiated by the construction manager in May 2008. The results are being incorporated into the revised construction documents.

6. The procurement of several related services has been initiated since the submission of the previous report. A contract has been awarded to a relocation management firm, a key service to assist in planning and implementing large-scale relocations. Procurement is currently under way for commercial movers, an independent project costs estimator, independent experts or a company to perform integrity monitoring of relations between Skanska and its subcontractors and a party to provide documented confirmation that a facility will fulfil the functional and performance requirements of the building owner, occupants and operators.

B. Off-site office swing space acquisition and design

7. The required office swing space is being provided at three leased locations: 79,000 square feet at the United Nations Federal Credit Union (UNFCU) Building in Long Island City to accommodate staff members from the Information Technology Services Division, 162,000 square feet at the Albano Building on East 46th Street to accommodate staff members from the Department for General Assembly and Conference Management and 423,000 square feet at 380 Madison Avenue. The condition of the space varies from the never-occupied new UNFCU Building to space that is in move-in condition (certain floors of 380 Madison Avenue). The projected date of completion of the swing space fit-out ranges from February 2009 to May 2009. Detailed relocation planning will be coordinated with the final construction schedule. The Organization entered into leases for the Albano Building in July 2007 and for the UNFCU and 380 Madison Avenue Buildings in August 2008. Since the signing of the lease for the Albano Building, the landlord has been undertaking repairs and upgrades of the leased space, in accordance with the contract. For its part, the Office of the Capital Master Plan has prepared the design and commenced preparation for the fit-out of that space and has established an on-site field office for its construction manager.

8. In January 2008, the Organization determined that the staff and functions relating to the library collection should remain on site for the duration of the project, as opposed to being relocated off site. As a result of that decision, some on-site construction of consolidated shelving was required for the library collection, but on the whole resources will be saved because of lower moving costs and the elimination of rental fees.

C. Construction of the temporary North Lawn Building

9. Work began on the construction of a temporary Building on the North Lawn of the United Nations grounds in early 2008. The Building will house conference facilities to accommodate the renovation of the Conference Building, and subsequently will be reconfigured to house the functions of the General Assembly Building when it is under renovation. The Building will also provide office space

for the Secretary-General and his Executive Office, as well as a limited number of other staff members. Concrete foundations and utility work on the site commenced in August, and structural steel is currently being fabricated. Major sculptures were relocated and protected, and temporary facilities such as site roads, fencing, security checkpoints and protective measures have been installed.

10. On-site swing space is being created in the third basement and in parts of the Library and South Annex Buildings. This includes temporary office and storage space. The necessary work is being completed as a series of smaller projects within the capital master plan project.

III. Relocation planning

11. The Office of the Capital Master Plan is charged with the overall coordination and communication of the relocation programme, including coordinating the work of many other groups. In August 2008, the relocation plan was finalized. The plan includes all departments and offices that will relocate in order for renovation to commence in mid-2009.

12. The relocation of departments and offices to off-site office space is currently scheduled to begin in late 2008 and to continue to mid-2009. Those staff and functions that need to remain on site will be relocated to areas away from the renovation work, including swing space in the third basement and in the Library and South Annex Buildings.

13. A coordinated removal of furniture, office archives and other equipment will be undertaken before the actual moves, in accordance with relevant rules and regulations and using recycling where possible. In cooperation with the Archives and Records Management Section, all offices affected by the move have appointed Move and Records Coordinators to help offices prepare their records before the relocation. Over 200 coordinators have already been trained by the Archives and Records Management Section on United Nations records management policies and best practices with the main objective of clearly separating records into those that should be disposed of on site, those that should be sent to the Archives and Records Management Section facilities and those that can be taken to the off-site office space. In addition to promoting best record-keeping practices, the exercise will facilitate efficient use of office space at the new location.

IV. Artwork

14. Planning of the relocation of gifts and other works of art has begun, and Member States have been contacted in relation to the temporary relocation of specific gifts. Some Member States have agreed to temporarily assume custody of gifts donated by them during the renovation work. For those remaining gifts, in order to minimize the requirements for their storage during the project, the Facilities Management Service is working with the Office of the Capital Master Plan to use the temporary North Lawn Building as a display area for the gifts and to phase the relocation of the gifts in line with the overall construction schedule. In this connection, the artwork currently displayed in the Conference Building and the neck area between the Conference and General Assembly Buildings will be relocated and

displayed in the temporary North Lawn Building between September 2009 and September 2011. At that time the artwork will be reinstalled in the newly renovated Conference Building, and the artwork displayed in the General Assembly Building will be relocated and displayed in the temporary North Lawn Building between October 2011 and October 2013. On the completion of the construction work, the artwork will be reinstalled in the newly renovated General Assembly Building. The remaining gifts will be stored in appropriate locations within the Headquarters complex. The goal is to avoid the risk and expense of sending the artwork out of the compound into temporary storage.

V. Value engineering

15. In December 2007, following the approval by the General Assembly of the accelerated strategy, the Office of the Capital Master Plan commenced a value engineering exercise aimed at reducing costs while retaining the essence of the approved scope of the works. Changes that were made related to the redesign of the Secretariat Building to avoid some of the structural work, a simplified reconfiguration of the chiller plant complex and consolidation of the curtain wall to fewer and more standardized types. Conducted over a three-month period, the exercise involved a series of meetings with designers and consultants and a thorough examination of all of the planned systems and functions of the renovation. The objective of the exercise was to reduce the cost of the project without affecting functionality. The exercise resulted in approximately $100 million in potential cost savings, further reducing the project cost overrun to its current level of $97.5 million. The changes resulting from the value engineering exercise are presently being incorporated into the project's design. Value engineering efforts will continue throughout the duration of the project, however its scale will diminish over time.

VI. Sustainability initiatives

16. Progress continues to be made in the area of sustainable design. The environmental performance of the Headquarters complex will be significantly improved upon the completion of the capital master plan project.

17. Under the capital master plan, energy consumption will be reduced by a projected 44 per cent compared with existing conditions, an improvement over the 40 per cent figure reported previously. The reductions will be achieved through the implementation of design initiatives in several key areas, namely:

(a) An improved building envelope: replacement of the existing single-glazed curtain wall with a new high-performance double-glazed curtain wall and new automated interior shades or blinds to control heat gain and maximize the use of natural light;

(b) An improved heating, ventilation and air-conditioning system: replacement of the existing distribution system with a new air-water mixed distribution system, a new automated building management system, which controls building systems using centralized computer technology, and replacement of low efficiency steam-driven chillers with higher efficiency electric chillers; as a result,

the new chiller plant will be a hybrid of new electric chillers and the best of the current steam-driven chillers;

(c) Improved lighting systems: replacement of all light fixtures with high-efficiency lamps and ballasts, new occupancy sensors, which automatically turn off lights if a space is unoccupied, and a new daylight harvesting system, which automatically controls artificial light levels in response to natural light levels.

18. Freshwater consumption will be reduced by at least 40 per cent compared with existing conditions, also an improvement over previously reported figures. The reductions will be achieved through the replacement of existing toilet fixtures with new low-flow lavatories, urinals and toilets; the replacement of the existing landscape irrigation system with a new high-efficiency system; and storm water recycling.

19. Although achievements to date are reported herein, the Office of the Capital Master Plan strives to do more, particularly in the area of renewable energy. It is currently in the process of examining a building-integrated photovoltaic installation for the Secretariat tower curtain wall and expanding the solar panel roof array already included in the project, and is studying a possible wind energy demonstration project. It is also studying the feasibility of purchasing some or all of the remaining demand for electricity from renewable sources.

VII. Advisory board

20. The Secretary-General has taken into consideration the prior requests of the General Assembly with respect to the creation of an advisory board, which was originally proposed by the Secretary-General (see A/55/117 and A/57/285 and Corr.1). While the reasons stated previously for the difficulty experienced in achieving this goal so far continue to apply (see A/60/550, para. 49), efforts to set up an advisory board will continue.

VIII. Relations with the host country

21. In January 2008, the Secretariat reached an understanding with the authorities of the host city and country concerning the process by which the Organization would seek to meet local building, fire and safety codes without prejudice to the privileges and immunities of the Organization. The host country was instrumental in the agreement reached between the host city and the Secretariat. The agreement states that the United Nations will voluntarily apply host city building codes to the capital master plan project and to United Nations Headquarters thereafter, and that the host city will coordinate with the United Nations to facilitate expedited consideration of all building code matters pertaining to the project and to the renovated Headquarters complex thereafter. The agreement further states that the United Nations will periodically invite the host city to visit the Headquarters complex to offer assistance and feedback on building code implementation.

IX. Procurement

22. In paragraph 37 of its resolution 61/251 and in paragraph 18 of its resolution 62/87, the General Assembly requested the Secretary-General to explore ways to increase procurement opportunities for vendors from developing countries and countries with economies in transition and to comply with related directives of the Assembly. The Secretariat is working with its construction manager to comply fully with those provisions, and in particular to ensure that procurement opportunities are widely communicated by all appropriate means.

23. In paragraph 38 of its resolution 61/251 and in paragraphs 18 and 19 of its resolution 62/87, the General Assembly requested the Secretary-General to ensure that procurement processes are conducted in a transparent manner and in full compliance with relevant Assembly resolutions. To address that request, all contract information for procurement related to the capital master plan project since its inception is now posted on the website of the Procurement Division. The information can be accessed via the capital master plan website (http://www.un.org/cmp) or the Procurement Division website (http://www.un.org/Depts/ptd/award_cmp.htm). The information listed includes the names and countries of origin of vendors, the identification number and brief description of the contracts, the contract award dates and the dates of the latest amendments, the current value and status of the contracts and the original invitation to bid or request for proposal numbers.

24. All subcontract bidding and award procedures are conducted by Skanska on a transparent basis vis-à-vis the United Nations. This includes advertisements, pre-qualification of subcontractors, establishment of bid lists, preparation of bid packages, bid analyses, trade scope review meetings with subcontractors, bid evaluations and contract awards. The Procurement Division and the Office of the Capital Master Plan oversee all steps in Skanska's subcontracting procedures.

25. Skanska seeks United Nations agreement for its procurement actions through a formal request for approval letter. After internal consultations among all relevant parties of the United Nations, formal written approval is given if appropriate.

X. Communications strategy

26. Keeping the key parties well informed about the capital master plan and anticipating their expectations and needs regarding the project are the major objectives of the communications strategy of the Office of the Capital Master Plan.

27. The Office maintains a website that provides information on the project for all internal and external parties. Monthly articles are also published and archived on the United Nations Intranet webpage, iSeek. Since the submission of the previous annual progress report, three town hall meetings devoted entirely to the capital master plan have been held with the Under-Secretary-General for Management and the Executive Director of the capital master plan. The capital master plan was also on the agenda of numerous departmental town hall meetings. Starting in August 2008, the Office of the Capital Master Plan began participating in the orientation programmes for newly appointed staff members. Furthermore, capital master plan project managers coordinate with the client departments on a daily basis. The Office of the Capital Master Plan also provided a briefing for the Headquarters Committee on Contracts.

28. The Office of the Capital Master Plan makes every effort to provide effective liaison and information to Member States and external parties through briefings and the regular issuance of notes verbales. The Office also maintains close contact with community groups and the architectural and construction community in an effort to ensure full communication about the project.

29. Good contacts with the media are a priority of the Office of the Capital Master Plan. During the reporting period, the Executive Director appeared before the United Nations press corps three times at the daily press briefing. Some 80 requests from Member States and the media for interviews or information were received and answered.

30. With respect to community groups, the Office of the Capital Master Plan has established close relationships with the local community board, which advises the City of New York, and the Turtle Bay Association, one of the most active neighbourhood associations in New York. Information about the capital master plan is provided regularly to them as well as to the managing agents of the major apartment complexes in the vicinity, who serve as a first line of responders in the case of construction-related complaints by their tenants about the United Nations.

31. The message of making the United Nations Headquarters more sustainable through the capital master plan project was delivered to key audiences comprising members of the construction industry and the architectural community by the Under-Secretary-General for Management and the Executive Director at two major conferences on sustainability during 2008. Since the architectural community pays close attention to the renovation of United Nations Headquarters as an icon of modern architecture, special focus is placed on reaching out to that community through industry media and conferences.

32. United Nations tour guides are also briefed about the capital master plan, and in the course of their work they provide information about the project to the visitors.

XI. Donations

33. The General Assembly, in its resolutions 57/292 (sect. II, paras. 27 and 28), 60/256 (para. 6) and 61/251 (para. 7), has encouraged the Secretary-General to seek donations for the capital master plan. A donation policy is under development and will be communicated to Member States on completion.

XII. Parking

34. In order to provide for improved security of the Headquarters complex, certain changes to the garage will be required, resulting in the permanent elimination of approximately 350 parking spaces. At this time it is anticipated that it will be possible to implement this reduction with minimal impact on the garage users, whether members of Permanent Missions or United Nations staff. The precise impact and mitigation measures are being studied and will be made available in due course. Construction activities and an urgent project required to repair the garage slabs will also reduce garage capacity. However, the projects are being phased in an attempt to ensure that the short-term construction-related reduction in capacity does not exceed 350 spaces.

35. Taking into account security considerations, the Secretary-General has decided that the use of the United Nations garage should be restricted to official activities and that what can be considered convenience parking and storage should be eliminated. It should be noted that a primary security risk is overnight parking, as at present many cars remain in the garage for multiple days. Tighter controls on overnight parking at Headquarters, such as limiting it on the basis of required activities, would have the advantage of reducing the security risk. Permanent Missions of Member States and other garage users will be requested to explore alternative arrangements such as drop-off/pick-up permits, carpooling and public transportation.

XIII. Projected cost

36. The projected cost to complete the capital master plan was estimated at $1.974 million as at September 2008. This represents a decrease of $122.1 million from the projected cost as at August 2007, as reported in the fifth annual progress report based on original strategy IV. The projected changes and their progression in time are summarized in table 1.

Table 1
Budget of the capital master plan
(Millions of United States dollars)

	Original strategy IV	*Accelerated strategy*	
	As at August 2007[a]	*As at August 2007*[a]	*As at September 2008*
Construction	1 022.371	964.625	1 032.900
Professional fees, management costs	261.508	234.508	280.340
Subtotal, renovation	**1 283.879**	**1 199.133**	**1 313.240**
Office swing space	144.300	254.534	273.441
Library swing space	14.063	16.636	2.714
Conference swing space	74.063	118.688	149.540
Subtotal, swing space estimate	**232.966**	**389.858**	**425.695**
Total cost for renovation and swing space	**1 516.845**	**1 588.991**	**1 738.935**
Contingency/escalation	**579.428**	**477.819**	**235.236**[b]
Total project	**2 096.273**	**2 066.810**	**1 974.171**
Approved budget	**1 876.700**	**1 876. 700**	**1 876. 700**
Variance against approved budget	**219.573**	**190.110**	**97.471**

[a] As projected in A/63/364.

[b] The total cost of the project ($1.739 billion) is currently split into estimated costs for future expenditure of $988.6 million and commitments entered into/bids received for procurement amounting to $750.4 million. Contingency/escalation is therefore computed as 20 per cent for future expenditures ($197.7 million) and 5 per cent for committed costs ($37.5 million), totalling $235.2 million.

XIV. Schedule

37. Table 2 demonstrates that the project is anticipated to meet the planned completion date.

Table 2
Projected schedule

	Accelerated strategy IV		*Current projection*		
Activity	*Start*	*Complete*	*Start*	*Complete*	*Comments*
Early-action work (refurbish existing North Lawn Building, add centralized technology centre)	Early 2008	Early 2009	—	—	Not required as separate activity
Construction of temporary Conference Building	Early 2008	Mid-2009	Early 2008	Mid-2009	No change
Renovation of United Nations Headquarters	Early 2008	Mid-2013	Early 2008	Mid-2013	No change
Conference Building	Mid-2009	Mid-2011	Mid-2009	Mid-2011	No change
General Assembly Building	Mid-2011	Mid-2013	Mid-2011	Mid-2013	No change
Secretariat Building	Early 2009	Early 2012	Early 2009	Early 2012	No change
South Annex Building	Early 2011	Early 2012	Early 2011	Early 2012	No change
Library Building	Early 2012	Early 2013	Early 2012	Early 2013	No change
Site/landscaping	Mid-2011	Mid-2013	Mid-2009	Mid-2013	Will actually be continuous throughout the project, as each building is completed
Disassembly of temporary Conference Building	Mid-2013	Mid-2013	Mid-2013	Mid-2013	No change

XV. Financing

38. In paragraph 14 of its resolution 61/251, the General Assembly decided to establish two different options for the assessment and payment of costs by Member States for the capital master plan.

39. As at 7 May 2007, 12 Member States had selected the one-time payment option and 180 Member States had selected the equal multi-year assessment of five years in accordance with the pre-established selection criteria and deadlines specified in resolution 61/251.

40. As at 31 August 2008, an amount of $80.2 million in assessments for the capital master plan for 2008 and prior periods remained unpaid.

XVI. Internationally syndicated letter of credit

41. Pursuant to paragraphs 26 and 28 of resolution 61/251, the Office of the Capital Master Plan has completed negotiations with the construction manager for the pre-construction phase of the contract and has negotiated the terms and conditions for the construction phase contracts with a guaranteed maximum price. The Office has been able to give sufficient assurance to the construction manager that funding for the capital master plan is adequate to cover the cost of construction. Consequently, it has not been necessary to establish a letter of credit. However, the Secretary-General is of the view that the authority to establish a letter of credit provided in resolution 61/251 be maintained. Such approval will continue to provide assurance to the construction manager that adequate funding for the plan is available.

XVII. Factors that contributed to the delay in implementation

42. In paragraph 10 of its resolution 62/87, the General Assembly requested the Secretary-General to include in the sixth annual progress report information on the factors that contributed to the delay in implementation and resulting projected budget overruns of the capital master plan.

43. It is important to note the lengthy history of the capital master plan project, which extends back more than 10 years. During that time, significant changes have occurred in the local and global economic and security environments. The regional construction market has undergone rapid change, with both significant increases in trade costs and major changes in swing space rental costs.

44. Until 2005, the swing space needs of the capital master plan were based on the plans by the host state and city for a new building adjacent to United Nations Headquarters. The non-materialization of those plans required a substantial change in strategy, which caused delays. Construction projects, especially major renovations such as those envisioned in the capital master plan, rarely proceed according to original plans. Flexibility to modify approaches or strategies is the key attribute of the effective management of such projects.

45. Although procedural difficulties relating to the award of the pre-construction services contract caused some delays in 2007, the Secretary-General believes that,

on balance, the delays allowed for an extraordinary level of due diligence by the Secretariat prior to the award of the contract. There were also significant benefits, including cost benefits, associated with the delayed implementation of the capital master plan. For instance, the project has fortunately benefited from recent rental market corrections.

46. In mid-2007, upon the appointment of the new Executive Director, the Secretary-General requested a review of the project's phasing and schedule, which resulted in the proposal to the General Assembly for an accelerated strategy, which, in particular, reduced the risks of additional construction costs and delays by undertaking the renovation of the Secretariat in a single phase.

47. This approach, which was approved by the General Assembly in December 2007, resulted in an immediate estimated cost savings of approximately $30 million. The subsequent value engineering exercise, as proposed in the fifth annual progress report and endorsed by the Assembly, has identified a further $100 million in cost savings.

XVIII. Working capital reserve

48. In its resolution 61/251, the General Assembly approved the establishment of a working capital reserve of $45 million under the capital master plan account. As at 31 August 2008, an amount of $80,500 remained outstanding.

XIX. Status of appropriations and expenditures

49. The total appropriation to date is $1,186.8 million, broken down as follows:

(a) In its resolution 57/292, the General Assembly appropriated $25.5 million for the design development phase of the capital master plan and authorized commitments of up to $26.0 million for the biennium 2004-2005 for the preparation of construction documents;

(b) In its resolution 59/295, the Assembly decided to convert $17.8 million of the $26.0 million commitment authority into an appropriation and renewed the existing commitment authority for 2006 for the balance of $8.2 million;

(c) In its resolution 60/248, the Assembly decided to convert the balance of the existing commitment authority of $8.2 million into an appropriation for 2006;

(d) In its resolution 60/256, the Assembly appropriated an additional $23.5 million for financing the design and pre-construction phases of the capital master plan, including swing space requirements, and provided commitment authority for up to $77.0 million for the biennium 2006-2007 to provide for the construction, fit-out and related requirements of a conference swing space building on the North Lawn and for the leasing, design pre-construction services, fit-out and related requirements of library and office swing space;

(e) In its resolution 60/282, the Assembly decided to convert the existing $77.0 million commitment authority into an appropriation, which was assessed in 2006;

(f) In its resolution 61/251, the Assembly decided to appropriate $42.0 million for 2007 for the design and pre-construction phases of the capital master plan, including swing space requirements;

(g) In its resolution 62/87, the Assembly decided to appropriate $992.8 million for the biennium 2008-2009 for the project.

50. Actual expenditures for the project as at 30 September 2008 amount to $239.5 million. This consists of actual expenditures of $3.2 million in 2003, $14.8 million in 2004, $6.5 million in 2005, $36.5 million in 2006, $46.4 million in 2007 and $132 million for 2008. It should be noted that the rate of expenditure was slower than expected, but it is expected to increase with the construction manager now on board and as initial construction work commences. Actual and projected expenditures for the period from 2003 to 2009 by category are detailed in table 3.

Table 3

Expenditures for the period 2003-2008[a] for the design development, construction documents and construction administration phases and for pre-construction services and construction

(Thousands of United States dollars)

	2003-2005[a]	*2006[a]*	*2007[a]*	*January-September 2008[a]*	*October-December 2008[b]*	*Total*	*2009*
Design contractual services	12 910.1	22 426.9	13 324.8	28 685.5	20 257.3	97 604.6	5 000.0
Direct staff costs	4 790.3	1 569.4	2 338.9	2 038.3	747.5	11 484.4	3 119.1
Support costs	1 348.2	587.1	958.1	927.8	929.9	4 751.1	1 980.9
Operating and other costs	1 623.4	570.0	751.1	3 332.3	7 030.2	13 307.0	2 562.4
Programme management and consultants	3 377.1	4 524.8	4 117.4	17 723.9	9 960.9	39 704.1	5 000.0
Construction and pre-construction	—	—	7 022.0	10 026.2	206 399.8	223 448.0	471 828.9
Swing space cost	506.3	6 848.0	17 881.2	69 304.5[c]	141 707.0	236 247.0	44 722.6
Subtotal	**24 555.4**	**36 526.2**	**46 393.5**	**132 038.5**	**387 032.6**	**626 546.2**	**534 213.9**
Savings	(12.7)	(1 512.4)				(1 525.1)	
Total	**24 542.7**	**35 013.8**	**46 393.5**	**132 038.5**	**387 032.6**	**625 021.1**	

[a] Actual.

[b] Projected.

[c] The capital master plan project has already committed $187.9 million towards swing space rental costs for the duration of the project; however expenditure of $18.9 million, reflecting the rent until December 2008 only, is reported above.

XX. Associated costs

51. As discussed in paragraph 35 of the previous report, the renovation work will require temporary increases in staffing and operational costs in parts of the Organization that particularly support construction activities. Costs for such activities were not included in the capital master plan budget approved by the General Assembly. Accordingly, the Secretary-General submitted a separate report to the Assembly dated 14 April 2008 detailing such associated cost requirements (A/62/799).

52. At about the same time, on 5 June 2008, a letter was transmitted by the Secretary-General to the President of the General Assembly (A/C.5/62/29, annex) in which he drew attention to the need for the Secretariat to enter into commitments through 31 December 2008 in respect of associated costs related to the capital master plan. In the letter, the Secretary-General expressed his understanding that the work programme of the Fifth Committee and of the Advisory Committee on Administrative and Budgetary Questions did not allow for the full consideration of his report on associated costs (A/62/799) and stated his intention, absent any objection from the Assembly, to enter into commitments not exceeding $22.7 million, comprising $9.5 million in associated costs required in support of the capital master plan and $13.2 million for costs relating to the relocation of the secondary data centre, both of which related to ongoing operations for which a loss in momentum would greatly disadvantage the Organization. The Secretary-General further emphasized that the failure to proceed with elements of the associated costs and the data centre would delay the core capital master plan project (at a cost estimated at $11.7 million a month). The letter also highlighted the need for the Assembly to finance the associated costs over and above the core capital master plan costs if efforts to absorb such costs within the project were not fruitful.

53. The seventh annual progress report will provide a complete accounting of the commitment and expenditure of all associated costs. Table 4 below provides the status of the related resources committed.

Table 4
Status of expenditures pertaining to associated costs
(Thousands of United States dollars)

Budget section	*Estimate of requirements, 2008*	*Expenditure as at 30 September 2008*	*Projected expenditure, 1 October-31 December 2008*	*Total expenditure, 2008*
2. General Assembly and Economic and Social Council affairs and conference management	390.1	—	390.1	390.1
27. Public information	250.0	—	250.0	250.0
28. Management and support services	3 339.3	—	2 747.2	2 747.2
33. Safety and security	4 920.3	646.9	1 808.7	2 455.6
35. Staff assessment	638.3	13.5	204.2	217.7
Total	**9 538.0**	**660.4**	**5 400.2**	**6 060.6**

XXI. Conclusions and recommendations

54. **The Secretary-General recommends that the General Assembly:**

(a) Take note of the progress made since the issuance of the fifth annual progress report;

(b) Request the Secretary-General to continue reporting on the status of the project, the schedule, the projected completion cost, the status of contributions, the working capital reserve, the status of the advisory board and the letter of credit in the next progress report.